

Annual Financial Statements and
Independent Auditors' Report



Village of Sherman, Illinois

For the year ended April 30, 2022

CONTENTS

| | <u>PAGE</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 4 |
| BASIC FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 7 |
| STATEMENT OF ACTIVITIES | 8 |
| BALANCE SHEET - GOVERNMENTAL FUNDS | 9 |
| RECONCILIATION OF TOTAL GOVERNMENT FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES | 10 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS | 11 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES | 12 |
| STATEMENT OF NET POSITION - PROPRIETARY FUND | 13 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND | 14 |
| STATEMENT OF CASH FLOWS - PROPRIETARY FUND | 15 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 16 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| BUDGETARY COMPARISON SCHEDULE - CASH BASIS - GENERAL FUND | 39 |
| BUDGETARY COMPARISON SCHEDULE - CASH BASIS - TAX INCREMENT FINANCING FUND | 44 |
| BUDGETARY COMPARISON SCHEDULE - CASH BASIS - MOTOR FUEL TAX FUND | 45 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 46 |

CONTENTS

SUPPLEMENTARY INFORMATION

| | |
|---------------------------------------------------------------------------------------------------------------------------------|-----------|
| COMBINING BALANCE SHEET BY SUBFUND – TAX INCREMENT FINANCING FUND | 49 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY SUBFUND – TAX INCREMENT FINANCING FUND | 50 |
| INDEPENDENT ACCOUNTANTS’ REPORT ON MANAGEMENT’S ASSERTION OF COMPLIANCE | 51 |

Independent Auditors' Report

The Board of Trustees
Village of Sherman, Illinois

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Sherman, Illinois (the Village) as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Sherman, Illinois as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Sherman, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Village management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has not presented a management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
April 2, 2024

Village of Sherman, Illinois
STATEMENT OF NET POSITION
April 30, 2022

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------------------------------|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 6,272,234 | \$ 471,996 | \$ 6,744,230 |
| Investments | 255,235 | - | 255,235 |
| Property tax receivable | 1,964,700 | - | 1,964,700 |
| Other receivables | 189,347 | 68,801 | 258,148 |
| Internal balances | (25,440) | 25,440 | - |
| Prepaid expenses | 3,523 | - | 3,523 |
| Total current assets | 8,659,599 | 566,237 | 9,225,836 |
| Capital Assets | | | |
| Land | 1,707,225 | 295,156 | 2,002,381 |
| Construction in progress | 312,103 | - | 312,103 |
| Other capital assets, net of accumulated depreciation | 8,315,911 | 416,169 | 8,732,080 |
| Total capital assets | 10,335,239 | 711,325 | 11,046,564 |
| Total assets | 18,994,838 | 1,277,562 | 20,272,400 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 191,749 | 9,885 | 201,634 |
| Accrued payroll | 8,865 | 1,846 | 10,711 |
| Accrued interest payable | 387,604 | - | 387,604 |
| Unearned revenue | 318,041 | - | 318,041 |
| Compensated absences payable, current | 17,099 | 5,252 | 22,351 |
| Notes payable, current | 98,927 | - | 98,927 |
| G.O. bonds payable, current | 209,000 | - | 209,000 |
| TIF bonds payable, current | 1,526,716 | - | 1,526,716 |
| Total current liabilities | 2,758,001 | 16,983 | 2,774,984 |
| Noncurrent Liabilities | | | |
| Compensated absences payable, noncurrent | 21,432 | 8,500 | 29,932 |
| Notes payable, noncurrent | 188,310 | - | 188,310 |
| G.O. bonds payable, noncurrent | 3,314,000 | - | 3,314,000 |
| TIF bonds payable, noncurrent | 262,000 | - | 262,000 |
| TIF notes payable, noncurrent | 454,916 | - | 454,916 |
| Total noncurrent liabilities | 4,240,658 | 8,500 | 4,249,158 |
| Total liabilities | 6,998,659 | 25,483 | 7,024,142 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property taxes | 1,964,700 | - | 1,964,700 |
| Total deferred inflows of resources | 1,964,700 | - | 1,964,700 |
| Total liabilities and deferred inflows of resources | 8,963,359 | 25,483 | 8,988,842 |
| NET POSITION | | | |
| Net investment in capital assets | 8,777,884 | 711,325 | 9,489,209 |
| Restricted for maintenance of roadways | 650,928 | - | 650,928 |
| Restricted for economic development | 1,514,931 | - | 1,514,931 |
| Restricted for public safety | 20,138 | - | 20,138 |
| Restricted for debt service | 555,128 | - | 555,128 |
| Unrestricted | (1,487,530) | 540,754 | (946,776) |
| Total net position | \$ 10,031,479 | \$ 1,252,079 | \$ 11,283,558 |

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2022

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities | | | | | | | |
| General government | \$ 446,961 | \$ 77,756 | \$ - | \$ - | \$ (369,205) | \$ - | \$ (369,205) |
| Public safety | 751,219 | 13,845 | 25,329 | 2,900 | (709,145) | - | (709,145) |
| Streets and public works | 546,550 | - | 166,664 | 91,123 | (288,763) | - | (288,763) |
| Culture and recreation | 352,336 | 136,922 | - | - | (215,414) | - | (215,414) |
| Economic development | 660,880 | - | - | - | (660,880) | - | (660,880) |
| Interest on long-term debt | 126,631 | - | - | - | (126,631) | - | (126,631) |
| Total governmental activities | 2,884,577 | 228,523 | 191,993 | 94,023 | (2,370,038) | - | (2,370,038) |
| Business-type activities | 769,130 | 738,686 | - | - | - | (30,444) | (30,444) |
| Total | \$ 3,653,707 | \$ 967,209 | \$ 191,993 | \$ 94,023 | (2,370,038) | (30,444) | (2,400,482) |
| General Revenues | | | | | | | |
| Property taxes | | | | | 1,960,046 | - | 1,960,046 |
| Sales and use tax | | | | | 876,106 | - | 876,106 |
| Intergovernmental | | | | | 716,684 | - | 716,684 |
| Investment income | | | | | 15,600 | 827 | 16,427 |
| Other revenue | | | | | 61,102 | - | 61,102 |
| Total general revenues | | | | | 3,629,538 | 827 | 3,630,365 |
| Change in net position | | | | | 1,259,500 | (29,617) | 1,229,883 |
| Net position, beginning of year | | | | | 8,771,979 | 1,281,696 | 10,053,675 |
| Net position, end of year | | | | | \$ 10,031,479 | \$ 1,252,079 | \$ 11,283,558 |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2022

| | General Fund | Tax Increment Financing fund | Motor Fuel Tax Fund | Infrastructure Project Fund | Total Governmental Funds |
|-------------------------------------------------------------------------------|---------------------|---------------------------------|------------------------|--------------------------------|-----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,601,005 | \$ 1,775,718 | \$ 642,629 | \$ 2,252,882 | \$ 6,272,234 |
| Investments | 255,235 | - | - | - | 255,235 |
| Property tax receivable | 356,400 | 1,608,300 | - | - | 1,964,700 |
| Other receivables | 175,682 | - | 13,665 | - | 189,347 |
| Due from other funds | 181,843 | 52,870 | 75,226 | - | 309,939 |
| Prepaid expenses | 3,523 | - | - | - | 3,523 |
| Total assets | \$ 2,573,688 | \$ 3,436,888 | \$ 731,520 | \$ 2,252,882 | \$ 8,994,978 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 25,474 | \$ 166,275 | \$ - | \$ - | \$ 191,749 |
| Accrued payroll | 8,597 | 268 | - | - | 8,865 |
| Due to other funds | 104,016 | 147,114 | 84,249 | - | 335,379 |
| Unearned revenue | 318,041 | - | - | - | 318,041 |
| Total liabilities | 456,128 | 313,657 | 84,249 | - | 854,034 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | 356,400 | 1,608,300 | - | - | 1,964,700 |
| Total liabilities and deferred inflows of resources | 812,528 | 1,921,957 | 84,249 | - | 2,818,734 |
| FUND BALANCES | | | | | |
| Nonspendable | 3,523 | - | - | - | 3,523 |
| Restricted | | | | | |
| Maintenance of roadways | 3,657 | - | 647,271 | - | 650,928 |
| Economic development | - | 1,514,931 | - | - | 1,514,931 |
| Public safety | 20,138 | - | - | - | 20,138 |
| Capital projects | - | - | - | 2,252,882 | 2,252,882 |
| Debt service | 555,128 | - | - | - | 555,128 |
| Unrestricted | | | | | |
| Assigned for culture and recreation | 34,945 | - | - | - | 34,945 |
| Unassigned | 1,143,769 | - | - | - | 1,143,769 |
| Total fund balances | 1,761,160 | 1,514,931 | 647,271 | 2,252,882 | 6,176,244 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,573,688 | \$ 3,436,888 | \$ 731,520 | \$ 2,252,882 | \$ 8,994,978 |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2022

RECONCILIATION TO STATEMENT OF NET POSITION

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Fund balance - governmental funds | \$ 6,176,244 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in the governmental activities of \$ 14,189,904, net of accumulated depreciation of \$ 3,854,665, are not financial resources, and therefore, are not reported in the funds | 10,335,239 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Compensated absences payable | (38,531) |
| Accrued interest payable | (387,604) |
| Notes payable, current | (98,927) |
| G.O. bond payable, current | (209,000) |
| TIF bonds payable, current | (1,526,716) |
| Notes payable, noncurrent | (188,310) |
| G.O. bond payable, noncurrent | (3,314,000) |
| TIF bonds payable, noncurrent | (262,000) |
| TIF notes payable, noncurrent | <u>(454,916)</u> |
| Total long-term liabilities | <u>(6,480,004)</u> |
| Net position of governmental activities | <u>\$ 10,031,479</u> |

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2022

| | General Fund | Tax Increment Financing fund | Motor Fuel Tax Fund | Infrastructure Project Fund | Total Governmental Funds |
|-----------------------------------------------------------------------------------------|---------------------|------------------------------|---------------------|-----------------------------|--------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 438,140 | \$ 1,521,906 | \$ - | \$ - | \$ 1,960,046 |
| Sales and use taxes | 873,291 | 2,815 | - | - | 876,106 |
| Intergovernmental | 716,684 | - | 268,624 | - | 985,308 |
| Licenses and permits | 77,756 | - | - | - | 77,756 |
| Fines | 13,845 | - | - | - | 13,845 |
| Investment income | 1,435 | 5,677 | 632 | 7,856 | 15,600 |
| Grants | 196,446 | - | - | - | 196,446 |
| Contributions | 2,900 | - | - | - | 2,900 |
| Park events | 136,922 | - | - | - | 136,922 |
| Other revenues | 61,102 | - | - | - | 61,102 |
| Total revenues | 2,518,521 | 1,530,398 | 269,256 | 7,856 | 4,326,031 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 416,989 | - | - | - | 416,989 |
| Public safety | 714,129 | - | - | - | 714,129 |
| Streets and public works | 294,079 | - | 58,755 | - | 352,834 |
| Culture and recreation | 223,415 | - | - | - | 223,415 |
| Economic development | - | 642,310 | - | - | 642,310 |
| Debt service | | | | | |
| Principal | 303,649 | 319,960 | - | - | 623,609 |
| Interest | 56,182 | 7,319 | - | - | 63,501 |
| Capital outlay | 252,319 | 768,570 | - | 270,616 | 1,291,505 |
| Total expenditures | 2,260,762 | 1,738,159 | 58,755 | 270,616 | 4,328,292 |
| Excess (deficiency) of revenues over expenditures before other financing sources (uses) | 257,759 | (207,761) | 210,501 | (262,760) | (2,261) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Loans issued | 229,301 | - | - | - | 229,301 |
| Total other financing sources (uses) | 229,301 | - | - | - | 229,301 |
| Net change in fund balances | 487,060 | (207,761) | 210,501 | (262,760) | 227,040 |
| Fund balances at beginning of year | 1,274,100 | 1,722,692 | 436,770 | 2,515,642 | 5,949,204 |
| Fund balances at end of year | \$ 1,761,160 | \$ 1,514,931 | \$ 647,271 | \$ 2,252,882 | \$ 6,176,244 |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended April 30, 2022

RECONCILIATION TO STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds \$ 227,040

Amounts reported for governmental activities in the Statement of Activities
are different because:

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

| | |
|--------------------------------------------|-----------|
| Capital debt obligation principal payments | 623,609 |
| Notes issued | (229,301) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|------------------------------------|----------|
| Change in compensated absences | 7,660 |
| Change in accrued interest payable | (63,130) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(181,954)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of assets.

| | |
|-------------------------|-----------|
| Capital asset purchases | 1,305,804 |
| Depreciation expenses | (430,228) |

| | |
|---------------------------------------------------|---------------------|
| Change in net position of governmental activities | <u>\$ 1,259,500</u> |
|---------------------------------------------------|---------------------|

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUND
April 30, 2022

| | Sewer Fund |
|-------------------------------------------------|---------------|
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$ 471,996 |
| Accounts receivable | 68,801 |
| Due from General Fund | 25,440 |
| Total current assets | 566,237 |
| Noncurrent assets | |
| Land | 295,156 |
| Capital assets, net of accumulated depreciation | 416,169 |
| Total noncurrent assets | 711,325 |
| Total assets | 1,277,562 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | 9,885 |
| Accrued payroll | 1,846 |
| Compensated absences payable - current | 5,252 |
| Total current liabilities | 16,983 |
| Noncurrent liabilities | |
| Compensated absences payable - noncurrent | 8,500 |
| Total noncurrent liabilities | 8,500 |
| Total liabilities | 25,483 |
| NET POSITION | |
| Net investment in capital assets | 711,325 |
| Unrestricted | 540,754 |
| Total net position | \$ 1,252,079 |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended April 30, 2022

| | <u>Sewer Fund</u> |
|-----------------------------------------|----------------------------|
| Operating revenues | |
| Charges for services | \$ 738,686 |
| Operating expenses | |
| Salaries | 150,755 |
| Maintenance and supplies | 25,167 |
| Sanitary Usage | 476,041 |
| Collection fees | 24,405 |
| Depreciation | 68,051 |
| Miscellaneous | <u>24,711</u> |
| Total operating expenses | <u>769,130</u> |
| Operating loss | <u>(30,444)</u> |
| Nonoperating revenues (expenses) | |
| Investment income | <u>827</u> |
| Total nonoperating revenues (expenses) | <u>827</u> |
| Change in net position | (29,617) |
| Total net position, beginning of year | <u>1,281,696</u> |
| Total net position, end of year | <u><u>\$ 1,252,079</u></u> |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended April 30, 2022

| | Sewer Fund |
|---------------------------------------------------------------------------------|--------------------|
| Cash flows from operating activities | |
| Cash received from customers | \$ 787,595 |
| Cash paid to suppliers | (644,565) |
| Cash paid to employees | (155,902) |
| | <u>(12,872)</u> |
| Net cash from operating activities | <u>(12,872)</u> |
| Cash flows from noncapital financing activities | |
| Payments to interfund accounts | (977,354) |
| Proceeds from interfund accounts | 840,167 |
| | <u>(137,187)</u> |
| Net cash from noncapital financing activities | <u>(137,187)</u> |
| Cash flows from capital financing activities | |
| Purchase of capital assets | <u>-</u> |
| | <u>-</u> |
| Net cash from capital financing activities | <u>-</u> |
| Cash flows from investing activities | |
| Interest received | <u>827</u> |
| | <u>827</u> |
| Net cash from investing activities | <u>827</u> |
| Net decrease in cash and cash equivalents | (149,232) |
| Cash and cash equivalents, beginning of year | <u>621,228</u> |
| Cash and cash equivalents, end of year | <u>\$ 471,996</u> |
| Cash and cash equivalents consists of the following: | |
| Cash and cash equivalents | \$ 471,996 |
| Restricted cash and cash equivalents | <u>-</u> |
| | <u>\$ 471,996</u> |
| Reconciliation of operating income to net cash from operating activities | |
| Operating loss | \$ (30,444) |
| Adjustment to reconcile operating income to net cash from operating activities | |
| Depreciation | 68,051 |
| Changes in assets and liabilities | |
| Accounts receivable | 48,909 |
| Accounts payable | (94,241) |
| Accrued payroll | 132 |
| Compensated absences payable | (5,279) |
| | <u>(12,872)</u> |
| Net cash from operating activities | <u>\$ (12,872)</u> |

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Village of Sherman, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village's significant accounting policies are described below.

1. Reporting Entity

The Village of Sherman, Illinois operates under a President-Trustee form of government. All significant activities and organizations on which the Village exercises oversight responsibility have been included in the Village's financial statements for the year ended April 30, 2022.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government.

The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the primary government. As a general rule, the effect of material interfund activity has been eliminated from these statements. Exceptions to this general rule are administrative charges between the Village's General Fund and the Sewer Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Government-Wide and Fund Financial Statements

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the Village at year end. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

The accounts of the Village are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenue is recognized based upon the expenditure recorded.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments, are recorded only when payment is due.

Property taxes, sales taxes, licenses and permits, charges for services, fines and forfeitures, miscellaneous revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

An emphasis is placed on major funds within the government. A fund is considered major if it is the primary operating fund of the Village, designated as such by the Village, or meets the following criteria:

- a. Total assets, deferred outflow of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, deferred outflow of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

The Village reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those required to be accounted for in another fund.

Tax Increment Financing Fund - The Tax Increment Financing Fund is used to account for the activities relating to the Tax Increment Financing Districts.

Motor Fuel Tax Fund - The Motor Fuel Tax Fund is used to account for motor fuel taxes received and the use of those funds for certain projects.

Infrastructure Project Fund - The Infrastructure Project Fund is used to account for the activities relating to capital projects.

The Village reports the following major proprietary fund:

Sewer Fund - The Sewer Fund is used to account for the revenues and expenses related to operating and maintaining the Village's sewer operations.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

5. Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are valued at acquisition value. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|----------------------------------|-------------|
| Buildings | 40 years |
| Vehicles | 5 years |
| Equipment | 5-10 years |
| Computers | 5 years |
| Infrastructure | 20-40 years |
| Sewer plant treatment facilities | 40 years |

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. Capital Assets

The minimum capitalization amount for buildings is \$ 100,000, for vehicles is \$ 15,000, for equipment is \$ 5,000, for computers is \$ 2,500, and for infrastructure is \$ 1,000,000.

6. Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Equity Classification

Government-Wide Statements

Equity is classified as net position and is displayed in three components:

- *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. None of the restricted net position result from enabling legislation adopted by the Village.
- *Unrestricted net position* – All other net positions that do not meet the definition of restricted or net investment in capital assets.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. Equity Classification

It is the Village's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report the following components of fund balance:

Non-spendable: Amounts that are not in spendable form or legally or contractually required to be maintained intact.

Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. None of the restricted fund balances result from enabling legislation adopted by the Village.

Committed: Amounts that have been formally set aside by the Village Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Village Board.

Assigned: Intent to spend resources on specific purposes expressed by the Village Board but are neither restricted nor committed.

Unassigned: Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Village to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Village that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

The Village has not established fund balance reserve policies for their governmental funds.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption/acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents a consumption/acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

9. Use of Estimates

Management of the Village has made certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the period. Actual results could differ from those estimates.

10. Investments

Investments are stated at fair value using the quoted market price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

11. Compensated Absences

Vested or accumulated vacation leave is accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. A liability in the governmental funds is reported only if the benefit has matured.

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Employees are allowed to accumulate two years vacation time. Employees are entitled to all accrued vacation leave upon termination. Sick leave also accrues to full-time employees; however, unused sick leave is not payable upon termination of employment.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

12. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through April 2, 2024. See Note L for subsequent events.

NOTE B | CASH AND CASH EQUIVALENTS

The Village's Board of Trustees have adopted an investment policy to invest in investments allowed by the Illinois Compiled Statutes (ILCS) which authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

It is the policy of the Village to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds. The primary objectives of the policy, in order of priority, are conformance with legal requirements, protection of investment, liquidity, and attainment of market rates of return.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions the Village's investment policy requires all deposits with financial institutions in excess of federal depository insurance to be collateralized with collateral held at an independent third-party institution in the name of the Village as evidenced by a written agreement. As of April 30, 2022, the Village's deposits held at various financial institutions were in excess of FDIC insurance and collateral by \$ 5,618.

b. Investments

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The Village's policy limits investments to securities maturing less than one year from the date of purchase. The reserve funds of the Village may be invested in securities exceeding one year if the maturity of such investments coincides with the expected use of funds. Below is a schedule of investment maturities in years.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE B | CASH AND CASH EQUIVALENTS

b. Investments

| | Fair Value | Less than 1 | 1-5 | 6-10 | More Than 10 |
|----------------|------------|-------------|------|------|--------------|
| Negotiable CDs | \$ 255,235 | \$ 255,235 | \$ - | \$ - | \$ - |

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity by primarily investing in certificates of deposit. Certificates of deposit and money market funds are not rated.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments that are in the possession of the outside party. The Village limits its exposure to custodial credit risk by utilizing independent, third-party institutions, selected by the Village, to act as custodian for its securities and collateral.

Concentration of credit risk – The Village places no limit on the amount the Village may invest in any one issuer. The Village’s investments are in certificates of deposit.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Village categorizes its fair value measurements within the fair value established by generally accepted accounting principles. The hierarchy of inputs are used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Certificates of deposit are reported at fair value using quoted matrix pricing models (Level 2 inputs).

NOTE C | PROPERTY TAXES

The property tax levy ordinance must be filed in Sangamon County by the last Tuesday in December on the assessed valuation as of January 1. The 2021 tax levy becomes an enforceable lien against the property on January 1, 2021. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each government unit their respective share of the collections. Since the 2021 levy will be collected in fiscal year 2023 and is intended to finance the 2023 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources. The 2022 tax levy has not been recorded as a receivable at April 30, 2022. Although the tax attached as a lien on the property as of January 1, 2022, the tax will not be levied until December 2022, and, accordingly, is not measurable at April 30, 2022.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE C | PROPERTY TAXES

Taxes levied in one year become due and payable in two installments during the following year. The Sangamon County installments are due June 1 and September 1.

NOTE D | RECEIVABLES

The following receivables are included in other receivables on the statement of net position as of April 30, 2022:

| | |
|-------------------------------------|-------------------|
| Sales and use tax receivable | \$ 158,774 |
| Video gaming tax receivable | 14,460 |
| Motor fuel tax allotment receivable | 13,665 |
| Other receivables | <u>2,448</u> |
| Total governmental activities | 189,347 |
| | |
| Sewer accounts receivable | <u>68,801</u> |
| Total primary government | <u>\$ 258,148</u> |

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE E | CAPITAL ASSETS

Activity for general fixed assets capitalized by the Village is summarized below:

| | Balance <u>May 1, 2021</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>April 30, 2022</u> |
|---------------------------------------------|-------------------------------|-------------------|------------------|----------------------------------|
| <i>Governmental activities</i> | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 958,000 | \$ 749,225 | \$ - | \$ 1,707,225 |
| Construction in progress | <u>77,945</u> | <u>312,103</u> | <u>77,945</u> | <u>312,103</u> |
| Total | 1,035,945 | 1,061,328 | 77,945 | 2,019,328 |
| Other capital assets | | | | |
| Buildings | 750,502 | - | - | 750,502 |
| Vehicles | 602,536 | 206,221 | - | 808,757 |
| Equipment | 1,053,184 | 38,255 | - | 1,091,439 |
| Computers | 37,805 | - | - | 37,805 |
| Infrastructure | <u>9,404,128</u> | <u>77,945</u> | - | <u>9,482,073</u> |
| Total other capital assets | 11,848,155 | 322,421 | - | 12,170,576 |
| Less accumulated depreciation for | | | | |
| Buildings | 335,855 | 26,815 | - | 362,670 |
| Vehicles | 549,113 | 44,260 | - | 593,373 |
| Equipment | 603,963 | 66,349 | - | 670,312 |
| Computers | 27,770 | 5,128 | - | 32,898 |
| Infrastructure | <u>1,907,736</u> | <u>287,676</u> | - | <u>2,195,412</u> |
| Total accumulated depreciation | <u>3,424,437</u> | <u>430,228</u> | - | <u>3,854,665</u> |
| Other capital assets, net | <u>8,423,718</u> | <u>(107,807)</u> | - | <u>8,315,911</u> |
| Governmental activities capital assets, net | <u>\$ 9,459,663</u> | <u>\$ 953,521</u> | <u>\$ 77,945</u> | <u>\$10,335,239</u> |

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE E | CAPITAL ASSETS

| | Balance <u>May 1, 2021</u> | Additions | Deletions | Balance <u>April 30, 2022</u> |
|----------------------------------------------|-------------------------------|-------------|-----------|----------------------------------|
| <i>Business-type activities</i> | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 295,156 | \$ - | \$ - | \$ 295,156 |
| Other capital assets | | | | |
| Sewer plant treatment facility | 2,359,500 | - | - | 2,359,500 |
| Vehicles | 89,793 | - | - | 89,793 |
| Equipment | 44,982 | - | - | 44,982 |
| Total other capital assets | 2,494,275 | - | - | 2,494,275 |
| Less accumulated depreciation for | | | | |
| Sewer plant treatment facility | 1,899,190 | 64,893 | - | 1,964,083 |
| Vehicles | 89,793 | - | - | 89,793 |
| Equipment | 21,072 | 3,158 | - | 24,230 |
| Total accumulated depreciation | 2,010,055 | 68,051 | - | 2,078,106 |
| Other capital assets, net | 484,220 | (68,051) | - | 416,169 |
| Business-type activities capital assets, net | \$ 779,376 | \$ (68,051) | \$ - | \$ 711,325 |

Depreciation expense was charged to functions as follows in the Statement of Activities:

| | |
|--------------------------|-------------------|
| Governmental activities | |
| General government | \$ 22,616 |
| Public safety | 43,311 |
| Streets and public works | 207,648 |
| Culture and recreation | 156,653 |
| | <u>\$ 430,228</u> |
| Business-type activities | |
| Sewer | <u>\$ 68,051</u> |

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE F | RISK MANAGEMENT ASSOCIATION

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). The Village pays an annual premium to IMLRMA for its coverage. Settled claims have not exceeded the coverage in any of the past three fiscal years. The Village's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Village is not aware of any additional assessments owed as of April 30, 2022.

Employee life and health risks are insured through the purchase of a commercial insurance plan.

NOTE G | DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full-time employees, permits them to defer a portion of their salary until future years. The Village also elected to make a matching contribution up to 4% of an employee's annual salary. An employee is eligible to participate when hired and is vested 100% immediately. The amounts deferred and earnings thereon, are not available to employees until termination, retirement, death, or an unforeseeable emergency. During the year, the Village contributed \$ 26,487 for the matching contribution.

Contributions are administered by a third-party agent and the assets and income thereon are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE H | LONG-TERM DEBT

Governmental Activities

Notes Payable (Direct Borrowing)

In fiscal year 2018 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 47,372 at an interest rate of 2.49% to be paid in monthly payments of \$ 841 beginning September 28, 2017 with a final payment due August 28, 2022. The principal balance as of April 30, 2022 was \$ 3,335.

In fiscal year 2019 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 3.44% to be paid in monthly payments of \$ 909 beginning November 22, 2018 with a final payment due October 22, 2023. The principal balance as of April 30, 2022 was \$ 15,917.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 2.75% to be paid in monthly payments of \$ 894 beginning October 4, 2019 with a final payment due September 4, 2024. The principal balance as of April 30, 2022 was \$ 26,000.

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of a mower for streets and public works. The Village borrowed \$ 27,211 at an interest rate of 3.40% to be paid in monthly payments of \$ 494 beginning October 10, 2019 with a final payment due September 10, 2024. The principal balance as of April 30, 2022 was \$ 13,663.

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of a mower for streets and public works. The Village borrowed \$ 39,707 at an interest rate of 2.50% to be paid in monthly payments of \$ 1,147 beginning June 5, 2020 with a final payment due May 5, 2023. The principal balance as of April 30, 2022 was \$ 14,669.

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of police radios. The Village borrowed \$ 21,773 at an interest rate of 3.50% to be paid in monthly payments of \$ 638 beginning September 11, 2020 with a final payment due August 11, 2023. The principal balance as of April 30, 2022 was \$ 9,963.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 59,950 at an interest rate of 0.80% to be paid in monthly payments of \$ 1,020 beginning August 16, 2021 with a final payment due July 16, 2026. The principal balance as of April 30, 2022 was \$ 51,112.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning August 6, 2021 with a final payment due July 6, 2026. The principal balance as of April 30, 2022 was \$ 42,629.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning December 5, 2021 with a final payment due November 5, 2026. The principal balance as of April 30, 2022 was \$ 45,909.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 23,005 at an interest rate of 1.63% to be paid in monthly payments of \$ 655 beginning May 1, 2022 with a final payment due April 1, 2025. The principal balance as of April 30, 2022 was \$ 23,005.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 46,346 at an interest rate of 0.80% to be paid in monthly payments of \$ 788 beginning October 2, 2021 with a final payment due September 2, 2026. The principal balance as of April 30, 2022 was \$ 41,035.

The assets and related obligations of the notes payable are accounted for as governmental activities. Future principal and interest payments on the notes payable are as follows:

| <u>Year ending April 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------|-------------------|
| 2023 | \$ 98,927 | \$ 3,413 | \$ 102,340 |
| 2024 | 74,045 | 1,650 | 75,695 |
| 2025 | 57,025 | 865 | 57,890 |
| 2026 | 41,811 | 306 | 42,117 |
| 2027 | <u>15,429</u> | <u>79</u> | <u>15,508</u> |
| | <u>\$ 287,237</u> | <u>\$ 6,313</u> | <u>\$ 293,550</u> |

General Obligation Bonds (Direct Borrowing)

\$ 3,730,000 General Obligation Bonds, Series 2021 dated February 23, 2021, due in semi-annual installments of \$ 207,000 to \$ 270,000 through November 1, 2036; interest at 1.08% to 2.30%. These bonds were issued for the purpose of financing costs of refunding the Village's General Obligation Bonds, Series 2016 and costs of construction of street improvements and other municipal projects within the Village. The amount of bonds outstanding as of April 30, 2022 was \$ 3,523,000.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

The assets and related obligations of the general obligation bonds are accounted for as governmental activities. Future principal and interest payments on the general obligation bonds are as follows:

| <u>Year ending April 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 209,000 | \$ 67,889 | \$ 276,889 |
| 2024 | 212,000 | 65,422 | 277,422 |
| 2025 | 214,000 | 62,709 | 276,709 |
| 2026 | 217,000 | 59,756 | 276,756 |
| 2027 | 221,000 | 56,544 | 277,544 |
| 2028 - 2032 | 1,161,000 | 224,360 | 1,385,360 |
| 2033 - 2037 | <u>1,289,000</u> | <u>97,008</u> | <u>1,386,008</u> |
| | <u>\$ 3,523,000</u> | <u>\$ 633,688</u> | <u>\$ 4,156,688</u> |

General Obligation Debt Certificates (Direct Borrowing)

\$ 1,600,000 General Obligation Debt Certificates, Series 2016, dated September 23, 2016, due in annual installments of \$ 320,000 through December 1, 2021; interest at 2.25%. These certificates were issued to finance the costs of acquiring, constructing and installing certain capital improvements for the Village-owned park. The remaining balance on the certificates of \$ 319,960 was paid off during the year ended April 30, 2022.

Tax Increment Financing Bonds

The tax increment financing bonds are a limited obligation of the tax increment financing district of the Village payable solely and only from collections of incremental taxes from each specific "Project Increment Area". These taxes are deemed to be "Pledged Taxes", irrevocable until the obligations are discharged.

The bonds do not constitute a general obligation of the Village. However, the bonds payable are required to be reported on the Village's financial statements.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

Tax Increment Revenue Bonds, Series 2004 (Direct Borrowing)

The Village issued \$ 1,650,000 Tax Increment Revenue Bonds, Series 2004A and Series 2004B for the purpose of paying a portion of redevelopment project costs. The Village pays debt service expenditures from incremental property taxes collected within the Tax Increment Financing District. During fiscal year 2011 the bond holders amended the bond ordinance to extend the maturity schedule. The amended maturity schedule includes principal payments ranging from \$ 117,000 to \$ 186,000 and are due each January 1 from 2012 through 2022. Interest is 6.0% and interest payments are due semi-annually in January and July.

As of April 30, 2022, there were unpaid principal and interest payments of \$ 393,820 from fiscal years 2021 and 2022 in accordance with the debt service requirements for the Tax Increment Revenue Bonds, Series 2004. The Series 2004 bond covenant requires punctual payment of the principal and interest payments when they become due in strict conformity with the terms of the bond ordinance. While this is an instance of noncompliance with the bond covenant, the bonds are only required to be repaid with incremental taxes from the project increment area. There were not enough incremental taxes generated by the project increment area for the unpaid principal and interest payments as of April 30, 2022. The unpaid principal and interest is included in the year ending April 30, 2023 debt service payments below.

The annual debt service requirements are as follows:

| <u>Year ending April 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------|--------------|
| 2023 | \$ 361,000 | \$ 32,820 | \$ 393,820 |

Tax Increment Revenue Bonds, Series 2011 (Direct Borrowing)

The Village issued \$ 2,000,000 Tax Increment Revenue Bonds, Series 2011 for the purpose of paying a portion of redevelopment project costs. The Village pays debt service expenditures from incremental property taxes collected within the Tax Increment Financing District. Principal payments range from \$ 95,000 to \$ 262,000 and are due each January 1 from 2015 through 2024. Interest is 4.50% and interest payments are due annually in January beginning in fiscal year 2012.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

As of April 30, 2022 , there were unpaid principal and interest payments of \$ 1,221,373 from fiscal years 2017, 2018, 2019, 2020, 2021 and 2022 in accordance with the debt service requirements for the Tax Increment Revenue Bonds, Series 2011. The Series 2011 bond covenant requires punctual payment of the principal and interest payments when they come due in strict conformity with the terms of the bond ordinance. While this is an instance of noncompliance with the bond covenant, the bonds are only required to be repaid with incremental taxes from the project increment area. There were not enough incremental taxes generated by the project increment area for the unpaid principal and interest payments as of April 30, 2022. The unpaid principal and interest is included in the year ending April 30, 2023 debt service payments below.

The annual debt service requirements are as follows:

| <u>Year ending April 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 1,165,716 | \$ 329,743 | \$ 1,495,459 |
| 2024 | <u>262,000</u> | <u>11,790</u> | <u>273,790</u> |
| | <u>\$ 1,427,716</u> | <u>\$ 341,533</u> | <u>\$ 1,769,249</u> |

Tax Increment Financing Note Payable (Direct Borrowing)

Certain bond payments of the Village were paid by a developer of the Route 66 TIF District. According to the development agreement all payments made by the developer for principal and interest on TIF bonds due to a shortfall in the Tax Increment Allocation Fund shall be repaid by the Village from tax increment financing proceeds. This obligation remains in effect until the expiration of the Route 66 TIF District in October 2022 or for so long as eligible project costs due to the developer under the development agreement remain outstanding and payable, whichever is sooner. Therefore, no set debt service schedule is available. The total note payable balance to the developer as of April 30, 2022 is \$ 454,916.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE H | LONG-TERM DEBT

Changes in Long-Term Liabilities:

The activity relating to governmental long-term liabilities during the fiscal year is as follows:

| | Balance | | | Amount Due | |
|---------------------------------|---------------------|-------------------|-------------------|-----------------------|---------------------|
| | <u>May 1, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>Within</u> |
| | | | | <u>April 30, 2022</u> | <u>One Year</u> |
| Governmental activities | | | | | |
| Notes payable | \$ 154,585 | \$ 229,301 | \$ 96,649 | \$ 287,237 | \$ 98,927 |
| General obligation bonds | 3,730,000 | - | 207,000 | 3,523,000 | 209,000 |
| General obligation certificates | 319,960 | - | 319,960 | - | - |
| TIF Bonds | 1,788,716 | - | - | 1,788,716 | 1,526,716 |
| TIF note payable | 454,916 | - | - | 454,916 | - |
| Compensated absences | <u>46,191</u> | <u>66,082</u> | <u>73,742</u> | <u>38,531</u> | <u>17,099</u> |
| Total | <u>\$ 6,494,368</u> | <u>\$ 295,383</u> | <u>\$ 697,351</u> | <u>\$ 6,092,400</u> | <u>\$ 1,851,742</u> |

| | Balance | | | Amount Due | |
|--------------------------|--------------------|------------------|-------------------|-----------------------|-----------------|
| | <u>May 1, 2021</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>Within</u> |
| | | | | <u>April 30, 2022</u> | <u>One Year</u> |
| Business-type activities | | | | | |
| Compensated absences | \$ 19,032 | \$ 8,735 | \$ 14,015 | \$ 13,752 | \$ 5,252 |
| Total | <u>\$ 19,032</u> | <u>\$ 8,735</u> | <u>\$ 14,015</u> | <u>\$ 13,752</u> | <u>\$ 5,252</u> |

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE I | INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2022 consisted of:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------------------------|----------------------------------|-------------------------------|
| General Fund | | |
| TIF Fund | \$ 97,595 | \$ 3,351 |
| Motor Fuel Tax Fund | 84,249 | 75,226 |
| Sewer | <u>-</u> | <u>25,440</u> |
| | 181,844 | 104,017 |
| TIF Fund | | |
| General Fund | 3,351 | 97,595 |
| TIF Fund | <u>49,519</u> | <u>49,519</u> |
| | 52,870 | 147,114 |
| Motor Fuel Tax Fund | | |
| General Fund | 75,226 | 84,249 |
| Sewer Fund | | |
| General Fund | <u>25,440</u> | <u>-</u> |
| Total interfund receivables/payables | <u>\$ 335,380</u> | <u>\$ 335,380</u> |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE J | TAX ABATEMENTS

The Village has entered into agreements with private organizations to encourage economic development in the Village. The agreements are noted as follows:

- A development agreement dated August 10, 2010 that allows for reimbursement of 75% of the incremental property taxes generated by the organization to assist with redevelopment costs. The agreement expires upon the earliest of (1) the payment of \$ 190,500 to the organization, or (2) December 31, 2022. The Village reached the maximum reimbursement as of April 30, 2018. Reimbursements of \$ 24,855 have been paid to the organization, with \$ 165,645 owed as of April 30, 2022.
- An economic incentive agreement dated April 3, 2012 that allows for reimbursement of 50% of the incremental property taxes generated by the organization for reimbursement of requested redevelopment costs. The abatement for the year ended April 30, 2022 amounted to \$ 34,519 with total abatement of \$ 245,854 since inception of the agreement. The agreement also provides for the designation of a business district with a 1% Business District Retailers' Occupation Tax, 1% Business District Service Occupation Tax, and a 1% Hotel Operators Tax to be used to reimburse the developer. The business district was established in September 2015 with a total of \$ 3,989 of taxes received as of April 30, 2022.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2022

NOTE K | COMMITMENTS

The Village has multiple construction contract commitments for capital improvements. Total outstanding construction commitments as of April 30, 2022 are \$ 1,088,550.

NOTE L | SUBSEQUENT EVENTS

In June 2022, the Village entered into an agreement with a financial institution to finance the purchase of a mower and utility trailer. The village borrowed \$ 33,571 at an interest rate of 3.59% to be paid in monthly increments beginning July 2022 with a final payment due in June 2025.

In August 2022, the Village entered into an agreement with a financial institution to finance the purchase of a Ford F150 Police responder. The village borrowed \$ 50,000 to be paid in monthly increments beginning September 2022 with a final payment due in August 2027.

In September 2022, the Village accepted a bid for a capital improvement plan project concerning improvements to the Village's roads. The bid will not exceed the amount of \$ 1,832,583.

In November 2022, the Village entered into an agreement with a financial institution to finance the purchase of a snowplow truck. The Village borrowed \$ 160,000 at an interest rate of 4.24% to be paid in monthly increments beginning December 2022 with a final payment due in November 2032.

In March 2023, the Village entered into a contract with a company to purchase and install fencing at Sherman Village Park at an amount not to exceed \$ 250,000.

In October 2023, the Village entered into an agreement with a financial institution to finance the purchase of a mower. The Village borrowed \$ 22,473 at an interest rate of 4.62% to be paid in monthly increments beginning November 2023 with a final payment due in October 2026.

In November 2023, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 55,000 at an interest rate of 4.70% to be paid in monthly increments beginning December 2023 with a final payment due in November 2028.

In December 2023, the Village entered into an agreement with a financial institution to finance the purchase of two public works trucks. The Village borrowed \$ 88,272 at an interest rate of 5.15% to be paid in monthly increments beginning January 2024 with a final payment due in December 2028.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | General Fund | | | Variance with Final Budget Over/ (Under) |
|-------------------------------------|---------------------------|------------------------|---------------|---------------------------------------------------|
| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Property taxes | \$ 366,252 | \$ 366,252 | \$ 392,463 | \$ 26,211 |
| Road and bridge taxes | 43,500 | 43,500 | 45,677 | 2,177 |
| Sales and use taxes | 600,000 | 600,000 | 868,505 | 268,505 |
| Personal property replacement taxes | 360 | 360 | 913 | 553 |
| Income taxes | 540,900 | 540,900 | 629,298 | 88,398 |
| Video gaming tax | 45,000 | 45,000 | 76,832 | 31,832 |
| Cannabis tax | 6,930 | 6,930 | 6,868 | (62) |
| Franchise fees | 45,000 | 45,000 | 46,428 | 1,428 |
| Licenses | 26,850 | 26,850 | 26,350 | (500) |
| Building permits | 8,500 | 8,500 | 4,978 | (3,522) |
| Fines | 13,500 | 13,500 | 13,845 | 345 |
| Charges for services | 22,400 | 22,400 | 22,400 | - |
| Investment income | 10,000 | 10,000 | 1,435 | (8,565) |
| Contributions | 8,500 | 8,500 | 16,475 | 7,975 |
| Grants | 622,000 | 622,000 | 514,487 | (107,513) |
| Park events revenue | 100,000 | 100,000 | 136,922 | 36,922 |
| Miscellaneous | 10,000 | 10,000 | 25,128 | 15,128 |
| Total revenues | 2,469,692 | 2,469,692 | 2,829,004 | 359,312 |
| EXPENDITURES | | | | |
| General government | | | | |
| Finance | | | | |
| Insurance | 75,963 | 75,963 | 39,522 | (36,441) |
| Auditing | 11,250 | 11,250 | 15,800 | 4,550 |
| Miscellaneous | - | - | 800 | 800 |
| Finance total | 87,213 | 87,213 | 56,122 | (31,091) |
| Legal | | | | |
| Attorney | 25,000 | 25,000 | 16,765 | (8,235) |
| Legal total | 25,000 | 25,000 | 16,765 | (8,235) |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | General Fund (Continued) | | | Variance with Final Budget Over/ (Under) |
|--------------------------------|---------------------------------|-----------------|----------------|---------------------------------------------------|
| | Original Budget | Final Budget | Actual | |
| Village Hall: | | | | |
| Salaries | \$ 208,613 | \$ 208,613 | \$ 128,917 | \$ (79,696) |
| Payroll expenditures | 32,768 | 32,768 | 19,205 | (13,563) |
| Telecommunications | 6,250 | 6,250 | 4,247 | (2,003) |
| IT support | 6,250 | 6,250 | 3,132 | (3,118) |
| Office supplies | 3,125 | 3,125 | 3,579 | 454 |
| Printing | 20,000 | 20,000 | 12,056 | (7,944) |
| Postage | 8,125 | 8,125 | 2,051 | (6,074) |
| Training | 8,750 | 8,750 | 2,513 | (6,237) |
| Dues and membership | 18,750 | 18,750 | 40,678 | 21,928 |
| Interpreter | 3,000 | 3,000 | 200 | (2,800) |
| Public relations | 25,000 | 25,000 | 20,404 | (4,596) |
| Utilities | 10,625 | 10,625 | 29,842 | 19,217 |
| Building maintenance | 6,875 | 6,875 | 5,532 | (1,343) |
| Recycling program | - | - | 2,831 | 2,831 |
| Community events | 25,000 | 25,000 | 26,984 | 1,984 |
| Website | 3,750 | 3,750 | 1,561 | (2,189) |
| Miscellaneous | - | - | 579 | 579 |
| Village Hall total | <u>386,881</u> | <u>386,881</u> | <u>304,311</u> | <u>(82,570)</u> |
| Contingency | | | | |
| Contingency | 250,655 | 250,655 | 46,259 | (204,396) |
| Contingency total | <u>250,655</u> | <u>250,655</u> | <u>46,259</u> | <u>(204,396)</u> |
| | | | | - |
| General government total | <u>749,749</u> | <u>749,749</u> | <u>423,457</u> | <u>(326,292)</u> |
| Public Safety | | | | |
| Public health and safety | | | | |
| Salaries | 7,500 | 7,500 | - | (7,500) |
| Payroll expenditures | 574 | 574 | - | (574) |
| Animal control | 1,250 | 1,250 | 501 | (749) |
| IEPA | 1,250 | 1,250 | - | (1,250) |
| Electronic alert system | 1,375 | 1,375 | 250 | (1,125) |
| Equipment repairs | 625 | 625 | 1,098 | 473 |
| Training | 925 | 925 | 20 | (905) |
| Uniforms | 625 | 625 | 27 | (598) |
| Miscellaneous | 719 | 719 | 418 | (301) |
| Public health and safety total | <u>14,843</u> | <u>14,843</u> | <u>2,314</u> | <u>(12,529)</u> |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | General Fund (Continued) | | | Variance with Final Budget Over/ (Under) |
|----------------------------------|---------------------------------|------------------------|----------------|---------------------------------------------------|
| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | |
| Police | | | | |
| Salaries | \$ 615,186 | \$ 615,186 | \$ 467,478 | \$ (147,708) |
| Payroll expenditures | 128,976 | 128,976 | 101,706 | (27,270) |
| Telecommunications | 26,250 | 26,250 | 20,562 | (5,688) |
| IT support | 6,250 | 6,250 | 3,569 | (2,681) |
| Gasoline | 35,000 | 35,000 | 40,662 | 5,662 |
| Equipment maintenance | 21,875 | 21,875 | 17,098 | (4,777) |
| Building maintenance | 5,000 | 5,000 | 1,889 | (3,111) |
| Training | 12,500 | 12,500 | 15,341 | 2,841 |
| Ammunition | 6,875 | 6,875 | 5,570 | (1,305) |
| Uniforms and equipment | 25,000 | 25,000 | 19,484 | (5,516) |
| Neighborhood watch | 1,875 | 1,875 | 8,063 | 6,188 |
| Supplies | 7,500 | 7,500 | 3,172 | (4,328) |
| Utilities | 7,500 | 7,500 | 6,112 | (1,388) |
| Police total | <u>899,787</u> | <u>899,787</u> | <u>710,706</u> | <u>(189,081)</u> |
| Public safety total | <u>914,630</u> | <u>914,630</u> | <u>713,020</u> | <u>(201,610)</u> |
| Streets and public works | | | | |
| Streets and alleys | | | | |
| Salaries | 250,907 | 250,907 | 163,526 | (87,381) |
| Payroll expenditures | 42,068 | 42,068 | 31,967 | (10,101) |
| Gas and oil | 12,500 | 12,500 | 5,466 | (7,034) |
| Diesel fuel | 3,125 | 3,125 | 4,032 | 907 |
| Equipment maintenance and repair | 5,000 | 5,000 | 30,694 | 25,694 |
| Telephone | 2,500 | 2,500 | 2,923 | 423 |
| Miscellaneous/supplies | 6,250 | 6,250 | 12,101 | 5,851 |
| Clean-up day | 3,750 | 3,750 | 680 | (3,070) |
| Streets and alleys total | <u>326,100</u> | <u>326,100</u> | <u>251,389</u> | <u>(74,711)</u> |
| Engineering | | | | |
| Engineering | 50,000 | 50,000 | 68,517 | 18,517 |
| Engineering total | <u>50,000</u> | <u>50,000</u> | <u>68,517</u> | <u>18,517</u> |
| Streets and public works total | <u>376,100</u> | <u>376,100</u> | <u>319,906</u> | <u>(56,194)</u> |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | General Fund (Continued) | | | Variance with Final Budget Over/ (Under) |
|--------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------|------------------|---------------------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Culture and recreation | | | | |
| Parks and recreation | | | | |
| Diesel fuel | \$ 3,125 | \$ 3,125 | \$ 1,928 | \$ (1,197) |
| Utilities | 12,500 | 12,500 | 215 | (12,285) |
| Equipment supplies | 37,500 | 37,500 | 50,127 | 12,627 |
| Park improvements | 37,500 | 37,500 | 33,382 | (4,118) |
| Park events | 112,500 | 112,500 | 131,910 | 19,410 |
| Miscellaneous/supplies | - | - | 5,852 | 5,852 |
| Parks and recreation total | <u>203,125</u> | <u>203,125</u> | <u>223,414</u> | <u>20,289</u> |
| Culture and recreation total | <u>203,125</u> | <u>203,125</u> | <u>223,414</u> | <u>20,289</u> |
| Debt service | | | | |
| Bond payment | 207,000 | 207,000 | 207,000 | - |
| Bond interest | 48,308 | 48,308 | 48,308 | - |
| Capital lease principal | 174,550 | 174,550 | 96,649 | (77,901) |
| Capital lease interest | - | - | 7,874 | 7,874 |
| Issuance costs | 25,000 | 25,000 | - | (25,000) |
| Debt payoff | 1,189,357 | 1,189,357 | - | (1,189,357) |
| Projects | 2,549,587 | 2,549,587 | - | (2,549,587) |
| Debt service total | <u>4,193,802</u> | <u>4,193,802</u> | <u>359,831</u> | <u>(3,833,971)</u> |
| Capital outlay | | | | |
| Police | 88,750 | 88,750 | 122,870 | 34,120 |
| Streets and alleys | 225,000 | 225,000 | 111,603 | (113,397) |
| Parks and recreation | 19,050 | 19,050 | 13,755 | (5,295) |
| Village hall | 6,250 | 6,250 | 4,091 | (2,159) |
| Capital outlay total | <u>339,050</u> | <u>339,050</u> | <u>252,319</u> | <u>(86,731)</u> |
| Total expenditures | <u>6,776,456</u> | <u>6,776,456</u> | <u>2,291,947</u> | <u>(4,484,509)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | <u>(4,306,764)</u> | <u>(4,306,764)</u> | <u>537,057</u> | <u>4,843,821</u> |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | General Fund (Continued) | | | Variance with Final Budget Over/ (Under) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|---------------------|---------------------------------------------------|
| | Original Budget | Final Budget | Actual | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | \$ 230,000 | \$ 230,000 | \$ 229,301 | \$ (699) |
| Total other financing sources (uses) | <u>230,000</u> | <u>230,000</u> | <u>229,301</u> | <u>(699)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,076,764)</u> | <u>\$ (4,076,764)</u> | 766,358 | <u>\$ 4,843,122</u> |
| RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS | | | <u>(279,298)</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | 487,060 | |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,274,100</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 1,761,160</u> | |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | Tax Increment Financing Fund | | | Variance with Final Budget Over/ (Under) |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------|---------------------|---------------------------------------------------|
| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Property taxes | \$ 1,500,000 | \$ 1,500,000 | \$ 1,521,906 | \$ 21,906 |
| Investment income | 4,000 | 4,000 | 5,677 | 1,677 |
| Sales tax | - | - | 2,815 | 2,815 |
| Total revenues | <u>1,504,000</u> | <u>1,504,000</u> | <u>1,530,398</u> | <u>26,398</u> |
| EXPENDITURES | | | | |
| Economic development | | | | |
| Salaries | - | - | 14,089 | 14,089 |
| Attorney fees | 25,000 | 25,000 | 5,206 | (19,794) |
| Audit fees | 4,500 | 4,500 | - | (4,500) |
| Contractual agreements | - | - | 34,519 | 34,519 |
| Surplus distribution | 565,000 | 565,000 | 588,370 | 23,370 |
| Debt service | | | | |
| Principal | 661,600 | 661,600 | 319,960 | (341,640) |
| Interest | 25,000 | 25,000 | 7,319 | (17,681) |
| Capital outlay | 1,501,076 | 1,501,076 | 782,840 | (718,236) |
| Total expenditures | <u>2,782,176</u> | <u>2,782,176</u> | <u>1,752,303</u> | <u>(1,029,873)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,278,176)</u> | <u>\$ (1,278,176)</u> | (221,905) | <u>\$ 1,056,271</u> |
| RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS | | | | |
| | | | <u>14,144</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | (207,761) | |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,722,692</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 1,514,931</u> | |

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2022

| | Motor Fuel Tax Fund | | | Variance with Final Budget Over/ (Under) |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------|---------------------------------------------------|
| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Motor fuel tax | \$ 109,500 | \$ 109,500 | \$ 177,501 | \$ 68,001 |
| Intergovernmental | - | - | 91,123 | 91,123 |
| Investment income | 1,000 | 1,000 | 632 | (368) |
| Total revenues | <u>110,500</u> | <u>110,500</u> | <u>269,256</u> | <u>158,756</u> |
| EXPENDITURES | | | | |
| Streets and public works | | | | |
| Snow removal, patching, mowing | 6,250 | 6,250 | 3,989 | (2,261) |
| Highway maintenance program | - | - | - | - |
| Engineering | 1,892 | 1,892 | 5,150 | 3,258 |
| Commodities | 18,600 | 18,600 | - | (18,600) |
| Miscellaneous projects | 51,530 | 51,530 | 438 | (51,092) |
| Street lighting | 60,000 | 60,000 | 49,005 | (10,995) |
| Signal maintenance | 1,000 | 1,000 | 230 | (770) |
| Total expenditures | <u>139,272</u> | <u>139,272</u> | <u>58,812</u> | <u>(80,460)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (28,772)</u> | <u>\$ (28,772)</u> | 210,444 | <u>\$ 239,216</u> |
| RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS | | | <u>57</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | 210,501 | |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>436,770</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 647,271</u> | |

See accompanying independent auditors' report.

Village of Sherman, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2022

NOTE A | BUDGET

The appropriations ordinance and budget is prepared on a cash basis by fund. Prior to passage, the governing body holds public hearings and may add to, subtract from, or change appropriations. A final appropriation ordinance and budget must be filed with the County Clerk within 30 days of its adoption. Expenditures are budgeted by operational line item which constitutes the legal level of control. The amounts reflected in the financial statements represent the final amended appropriations.

NOTE B | RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The budgetary comparison schedules for the General Fund, Tax Increment Financing Fund, and Motor Fuel Tax Fund present comparisons of the budget on a cash basis with actual data on the cash basis. Because accounting principles applied for the purpose of developing data on a budgetary basis differ from those used to present basic financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis and timing differences in excess (deficiency) of revenue over expenditures for the year ended April 30, 2022 is presented on each budgetary comparison schedule in the line item titled “Reconciliation to modified accrual basis – net change resulting from recording accounts receivable, payable, and other accrued items.”

NOTE C | EXCESS OVER BUDGET

The following operational line items had an excess of expenditures over appropriations for the year ended April 30, 2022:

| General Fund | |
|----------------------------------|----------|
| Finance Auditing | \$ 4,550 |
| Finance Miscellaneous | 800 |
| Village Hall Office Supplies | 454 |
| Village Hall Dues and Membership | 21,928 |
| Village Hall Utilities | 19,217 |
| Village Hall Recycling Program | 2,831 |
| Village Hall Community Events | 1,984 |
| Village Hall Miscellaneous | 579 |
| Public Safety Equipment Repairs | 473 |
| Police Gasoline | 5,662 |
| Police Training | 2,841 |
| Police Neighborhood Watch | 6,188 |

Village of Sherman, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2022

NOTE C | EXCESS OVER BUDGET

| | | |
|------------------------------------------|----|---------|
| General Fund (Continued) | | |
| Streets and Alleys Diesel Fuel | \$ | 907 |
| Streets and Alleys Equipment Maintenance | | 25,694 |
| Streets and Alleys Telephone | | 423 |
| Streets and Alleys Misc./Supplies | | 5,851 |
| Engineering | | 18,517 |
| Parks and Recreation Equip. Supplies | | 12,627 |
| Parks and Recreation Park Events | | 19,410 |
| Parks and Recreation Misc./Supplies | | 5,852 |
| Debt Service Capital Lease Interest | | 7,874 |
| Capital Outlay Police | | 34,120 |
| | | |
| Tax Increment Financing Fund | | |
| Salaries | \$ | 14,089 |
| Tax Rebates | | 34,519 |
| Surplus Distribution | | 23,370 |
| | | |
| Motor Fuel Tax Fund | | |
| Engineering | \$ | 3,258 |
| | | |
| Infrastructure Project Fund | | |
| Capital outlay | \$ | 270,616 |

SUPPLEMENTARY INFORMATION

Village of Sherman, Illinois
TAX INCREMENT FINANCING FUND
COMBINING BALANCE SHEET BY SUBFUND
April 30, 2022

| | Original TIF District | Route 66 TIF District | Rail Pointe TIF District | Total TIF Fund |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|-----------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 612,124 | 716,343 | 447,251 | \$ 1,775,718 |
| Property tax receivable | 1,216,300 | 322,200 | 69,800 | 1,608,300 |
| Due from other funds | 49,519 | - | 3,351 | 52,870 |
| Total assets | \$ 1,877,943 | \$ 1,038,543 | \$ 520,402 | \$ 3,436,888 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 166,275 | \$ - | \$ - | \$ 166,275 |
| Accrued payroll | 268 | - | - | 268 |
| Due to other funds | 97,595 | 15,000 | 34,519 | 147,114 |
| Total liabilities | 264,138 | 15,000 | 34,519 | 313,657 |
| Deferred inflows of resources | | | | |
| Unavailable revenue - property taxes | 1,216,300 | 322,200 | 69,800 | 1,608,300 |
| Total deferred inflows of resources | 1,216,300 | 322,200 | 69,800 | 1,608,300 |
| Total liabilities and deferred inflows of resources | 1,480,438 | 337,200 | 104,319 | 1,921,957 |
| FUND BALANCES | | | | |
| Restricted for economic development | 397,505 | 701,343 | 416,083 | 1,514,931 |
| Total fund balances | 397,505 | 701,343 | 416,083 | 1,514,931 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,877,943 | \$ 1,038,543 | \$ 520,402 | \$ 3,436,888 |

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
TAX INCREMENT FINANCING FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY SUBFUND
Year ended April 30, 2022

| | Original TIF District | Route 66 TIF District | Rail Pointe TIF District | Total TIF Fund |
|-------------------------------------|--------------------------|--------------------------|-----------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 1,176,740 | \$ 276,128 | \$ 69,038 | \$ 1,521,906 |
| Investment income | 2,927 | 1,640 | 1,110 | 5,677 |
| Sales tax | - | - | 2,815 | 2,815 |
| | <hr/> | | | |
| Total revenues | 1,179,667 | 277,768 | 72,963 | 1,530,398 |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries | 14,215 | - | - | 14,215 |
| Attorney fees | 5,206 | - | - | 5,206 |
| Contractual agreements | - | - | 34,519 | 34,519 |
| Surplus distribution | 588,370 | - | - | 588,370 |
| Debt service | | | | |
| Principal | 319,960 | - | - | 319,960 |
| Interest | 7,319 | - | - | 7,319 |
| Capital outlay | 768,570 | - | - | 768,570 |
| | <hr/> | | | |
| Total expenditures | 1,703,640 | - | 34,519 | 1,738,159 |
| Net change in fund balances | (523,973) | 277,768 | 38,444 | (207,761) |
| Fund balances at beginning of year | 921,478 | 423,575 | 377,639 | 1,722,692 |
| | <hr/> | | | |
| Fund balances at end of year | \$ 397,505 | \$ 701,343 | \$ 416,083 | \$ 1,514,931 |
| | <hr/> | | | |

The accompanying notes are an integral part of this statement.



Kerber, Eck & Braeckel LLP P 217.789.0960
3200 Robbins Road F 217.789.2822
Suite 200A
Springfield, IL 62704

Independent Accountant’s Report on Management’s Assertion of Compliance

The Board of Trustees
Village of Sherman, Illinois

We have examined management’s assertion that the Village of Sherman, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) during the year ended April 30, 2022. Management is responsible for the Village of Sherman, Illinois’ assertion. Our responsibility is to express an opinion on management’s assertion about the Village’s compliance with the specific requirements based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to provide reasonable assurance about whether management’s assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management’s assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Village of Sherman, Illinois’ compliance with statutory requirements.

In our opinion, management’s assertion that the Village of Sherman, Illinois complied with the aforementioned requirements for the year ended April 30, 2022 is fairly stated in all material respects.

This report is intended solely for the information and use of the Village Board, management and the Illinois Department of Revenue, Illinois State Comptroller’s Office and the Joint Review Board and should not be used by anyone other than those specified parties.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
April 2, 2024